

DDI-100-6
I L E *Contracts*

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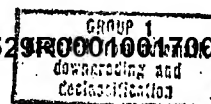
MEMORANDUM FOR: Deputy Director for Support
SUBJECT : Agency Contract Review Board
REFERENCE : Your memorandum same subject
dated 2 October 1968

1. The Agency Contract Review Board has, in our opinion, been an interesting experiment. Its real usefulness to the Agency is, however, seriously in doubt. It has provided a forum for some exchange of information and as such has had some instructive value, but for the most part, in our view it has provided little more than a cursory review of individual contracts. This is meant in no way as a criticism of the Chairman of the Board or of the Office of Logistics. The Chairman of the Board obviously works diligently in reviewing contracts in detail and endeavors to isolate the key issues for Board consideration. But Board actions on these issues, usually of a highly technical nature, tend to accept the judgment of the Board Chairman and hence become perfunctory. There are good reasons for this. The Board members have not usually had experience in professional contracting. Time constraints--15 to 20 minutes per a contract at Board meetings--with no opportunity for advance consideration severely restricts any possibility for deep probing. As a result of these considerations I am drawn to the conclusion that the Board as presently constituted and functioning is superfluous.

2. If Board members were senior Agency officials with long experience in Government contracting, regardless of Directorate affiliation, the Board might succeed in its present mode in providing a useful review function.

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3. In the early months of its existence the Board was briefed on the background of proposed contracts and this proved useful, if not absolutely necessary for better understanding of the contract. However as various Directorates began to question need-to-know, the line between project rationale and project contract has grown quite sharp with Board consideration essentially restricted to the latter. This is probably technically correct for a Contract Review Board, but it has tended to delimit understanding and make the Board a technical review entity.

4. If the Board is to continue, consideration should be given to the following actions to improve its effectiveness:

a. Provide the Board members, in advance of meetings, with copies of contract proposals. Under present procedure Board members do not see contract proposals at all, but are given a very brief summary of selected points at Board meetings. This change would add slightly to time required for Board actions and would require acceptance of need-to-know principle for Board members on all contracts.

b. Have the Board review and make recommendations on a code of Agency contract policy. Although there is provision for this in the Board charter no attempt at a concerted and thorough review has been made probably because of time constraints. This action would require more time of Board members and possibly of the Office of Logistics for assembly and presentation of background data.

c. Provision to Board members of comparative data on Agency contracts as well as historical data on Agency experience in dealing with individual companies. None of this is available now and presumably awaits development of the DDS management information system (SIPS). But some of this data is already available in the DDS&T Contract Information System (CIS) and should be obtained and used in the interim. Other data could be developed from Agency files but would require some time and effort probably by the Office of Logistics.

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Acting Deputy Director for Intelligence~~SECRET~~

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14 OCT 1963

MEMORANDUM FOR: Deputy Director for Support
SUBJECT: Agency Contract Review Board
REFERENCE: DDS Memorandum 68-4901

1. I am in receipt of your referent memorandum concerning the Contract Review Board. Discussions with my officers who have been involved with its activities this first year lead me to offer the following comments.

2. On the positive side, it is our over-all conclusion that the Board serves a useful function. It provides a forum where RD&E procurement problems can be discussed between Directorates at a senior level. Incidentally, this same forum also provides a useful coordinating mechanism for the larger Agency RD&E procurements. It has done these things, I am pleased to note, without significantly increasing the already overly lengthy processing time for these larger procurement packages.

3. On the other side of the coin, there are several rough spots still apparent. First, the basic responsibility of the Board continues, in some respects, to be inadequately defined. To quote, for example, from HN 7-7 "...The Board's responsibilities shall be discharged without assumption of operational, technological or contractual responsibilities--its responsibilities remaining advisory and recommendatory..." It appears to me that this too general, but very narrow set of responsibilities tends to give a tentative air to the Board's deliberations. Accordingly, my first suggestion would be for further specific clarification of the Board's positive duties and responsibilities. I note, for example, that your memorandum indicates that the Board makes recommendations concerning the "management aspects" of proposed contracts. Clarification of this phrase would seem to be in order and, I feel, would substantially assist the Board in its deliberations.

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4. There is also some question in my mind relative to the make-up of the Board's membership. At present, it appears to be a somewhat heterogeneous grouping of technical, administrative and support personnel. I feel that upon clarification of the Board's responsibilities as discussed above, a review of its personnel might also be in order aimed at a more homogeneous cross section of Agency officials. Whether these ought to be primarily technical or administrative depends upon the charter definition just discussed.

5. The Board very recently seems to be grappling more seriously and regularly with generic, institutional questions related to Agency procurement policies. I think this is a healthy trend and would urge its continuance over the earlier procedure whereby these same questions were raised repeatedly, but only in connection with individual procurement actions being discussed.

6. Finally, it would appear to me to be useful for the Board to institute a procedure which would insure its receiving final reports upon the conclusion of each contract which it has approved. This is, of course, a much longer term project, but I do feel it would be useful in giving the Board the ability to take a better measure of its own effectiveness.


Deputy Director for Plans

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DD/S&T-4463/68

MEMORANDUM FOR: Deputy Director of Support

SUBJECT : Agency Contract Review Board and
Establishment of a Contracting
Team for Office of Research
and Development

REFERENCE : DD/S Memorandum, Dated 2 October
1968, To: DD/S&T, Subject: Agency
Contract Review Board

1. This memorandum is in response to your request for DD/S&T reactions to the Contract Review Board following its first year in operation.

2. I feel the Board serves a very useful purpose and should be continued. I consider the following to be especially worthy of note at this time:

a. The Board promotes improved procurement practices, largely by supporting the contracting officer.

b. It promotes more uniform practices.

c. It is in a position to identify and take corrective action with contractors who are troublesome to several offices and Directorates.

d. It provides a sounding board for Directorate views on contracting procedures and practices.

3. I believe the responsibilities of the Board will continue to expand as new areas of interest and concern find their way to the Board. It is inevitable that very difficult policy matters affecting Agency contracts will arise and the Board will find itself most effective in

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**SUBJECT: Agency Contract Review Board and Establishment of
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coming to grips with these difficult problems and making
recommendations for their resolution.

4. I believe the Board offers the Agency an additional mechanism to offset potential criticism from contractors or other Federal reviewing authorities in those cases where the Agency is faced with a dispute or complaint of a contractual, legal or business nature. This observation is based on the fact that the Board is organizationally separate from the technical project officer and Directorate contracting officer and thus offers a degree of impartiality and objectivity which I think may prove of great value from time to time. In conclusion, therefore, I would recommend that the Board be maintained in its present capacity and that we continue to look upon it as an asset which has not at this time reached its full utilization.

5. While considering the Board and its relationship to Agency-funded DD/S&T contracts, I also examined the need for an extension of the contracting team concept in DD/S&T and I feel this would be an appropriate time to acquaint you with my views on this matter. I believe you are fully aware of the value we place on the contracting team currently supporting Headquarters' Offices of this Directorate. I consider this team a definite success in meeting the contracting requirements of DD/S&T Headquarters' Offices in a manner which contributes to improved technical, financial and business management of external contracts. The concept has also proven its ability to reduce costs which is exceedingly important in today's real world of reduced budgets. In view of the success of this concept, I would ask that you now consider augmenting this team to permit all Agency-funded RD&E contracts initiated by ORD to be handled on the same basis with contract, audit and security personnel fully integrated in the ORD office in the Ames Building.

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a Contracting Team for Office of Research and
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25X1A 6. While the Ames location requires a separate ORD contracting unit, I would recommend that one contracting officer supervise both the Headquarters unit and the ORD unit and that this be accomplished by combining the present duties of Mr. [REDACTED] my Staff Representative for contracting and procurement matters. Mr. [REDACTED] is a Senior Procurement Officer and I would like him to continue his present assignment and at the same time assume responsibility as the Contracting Officer for all DD/S&T Agency-funded RD&E contracts. Not only would this arrangement eliminate the need for an additional senior contracting officer, but it would at the same time provide a high degree of uniformity in the administration of contracts for this Directorate under the new contracting team concept. 25X1A

7. The ORD contract workload is quite heavy and, in fact, is more than double the workload of the combined Headquarters Offices. In view of this, I feel that the ORD unit would require the addition of three procurement officers, one industrial contract auditor, one industrial security officer, and two secretaries. Under the circumstances, I would ask that necessary positions for the personnel just listed be made available to this Directorate. I realize, of course, that position grades would be the subject of a review by the Office of Personnel. I further recognize that space to accommodate the ORD contracting team would be required and I suggest that the Office of Logistics undertake a survey within the Ames Building to consider how this requirement could best be met. Candidates for the initial Headquarters team were determined in a most acceptable manner and I, therefore, suggest we consider the same procedure for the ORD team.

8. On the basis of our experience to date with the Headquarters contracting team, I am confident that the extension of this concept to include ORD will advance our

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mutual interests and assist in accomplishing our respective contract and technical responsibilities in a business-like and cost-effective manner.

9. If you find these recommendations acceptable, I suggest we proceed with the augmentation of the contracting team concept in DD/S&T and plan a review of the total concept in July 1969 at which time adjustments or changes can be considered, if needed.

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Carl E. Duckett
Deputy Director
for
Science and Technology

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